

EXPLANATION OF TRANSACTION AND PUBLIC INTEREST STATEMENT

By this FCC Form 608 lease application, Bay County School Board/Bay County Educational Media (“Lessor”) and Clearwire Spectrum Holdings III, LLC (“Lessee”) (Lessor and Lessee, collectively, the “Parties”) seek Federal Communications Commission (“Commission”) consent to the long term *de facto* transfer lease to Lessee of the excess capacity of Lessor’s Educational Broadband Service (“EBS”) channels (collectively “EBS channels”) associated with call sign WLX265 (the “FCC License”) (Channels B1-B4).

Description of the Parties

Lessee is a wholly-owned direct subsidiary of Sprint Corporation (“Sprint Corporation”), itself a subsidiary of T-Mobile USA, Inc. (“T-Mobile USA”) and, indirectly, T-Mobile US, Inc. (“T-Mobile US”), a publicly-traded company and part of the family of companies that operate under the T-Mobile® brand names. Deutsche Telekom AG (“DT”), a publicly-traded German company based in Bonn, Germany, holds a 43.89 percent interest in T-Mobile US through its wholly-owned subsidiary T-Mobile Global Zwischenholding GmbH (“T-Mobile Global”). This subsidiary owns all of the equity and voting interests of T-Mobile Global Holding GmbH (“T-Mobile Holding”), which owns all of the equity and voting interests of Deutsche Telekom Holding B.V. (“DT Holding B.V.”), which in turn holds the 43.89 percent interest in T-Mobile US. DT therefore indirectly holds approximately 43.89 percent of the ownership interests in Assignee. SoftBank Group Corp. (“SoftBank”), a publicly-traded Japanese company based in Tokyo, Japan, holds an 8.58 percent interest in T-Mobile US through its wholly-owned subsidiary SoftBank Group Capital Limited (“SoftBank Group”), which in turn holds the 8.58 percent interest in T-Mobile US. DT also has the right to appoint a majority of the T-Mobile US board seats and holds a proxy to direct the voting of the T-Mobile US shares held by SoftBank Group Corp. Capital. Accordingly, DT has *de facto* control over T-Mobile US. The remaining interest in T-Mobile US is held by public shareholders. These ownership figures reflect the recent consummation of the transfer of control to T-Mobile US of FCC licenses, authorizations and leases held by subsidiaries of Sprint Corporation, including Lessee, and the *pro forma* transfer of control of FCC licenses, authorizations and leases held by subsidiaries of T-Mobile US in connection with the merger of T-Mobile and Sprint (the “Sprint Merger”).¹

Led by a management team with decades of collective experience in the telecommunications industry, T-Mobile US, headquartered in Bellevue, Washington, offers nationwide wireless voice and data services to consumer and business customers and on April 1,

¹ See *Applications of T-Mobile US, Inc. and Sprint Corporation for Consent to Transfer Control of License and Authorizations*, WT Docket No. 18-197, Memorandum Opinion and Order, Declaratory Ruling, and Order of Proposed Modification, FCC 19-103 (rel. Nov. 5, 2019) (“Merger Approval Order”).

2020 officially completed the Sprint Merger to create the “New T-Mobile.”² The Commission has repeatedly found that T-Mobile US’s licensee subsidiaries, now including Lessee, and their controlling companies have the requisite character and qualifications to hold Commission authorizations.³ An FCC Form 602 providing current ownership information for T-Mobile US is on file with the Commission.⁴

Lessor is a public school district located in Panama City, Florida and, as such, is qualified to hold an FCC EBS license. Lessor is currently leasing its excess spectrum capacity to Lessee⁵ pursuant to a short-term *de facto* transfer lease and until October 23, 2020 had leased the excess spectrum capacity to NSAC, LLC (“NSAC”)⁶ a different wholly-owned subsidiary of Sprint and T-Mobile. Lessor and NSAC have recently agreed to end and replace that long-term transfer lease, with a new long-term lease entered into between Clearwire and Lessor. As a result, there will be no gap in operations or leasing between the parties. An FCC Form 602 providing current ownership information on Lessor is on file with the Commission.⁷

² See T-Mobile Investors, News & Events, April 1, 2020, found on the T-Mobile website at the following link: <https://investor.t-mobile.com/news-and-events/t-mobile-us-press-releases/press-release-details/2020/T-Mobile-Completes-Merger-with-Sprint-to-Create-the-New-T-Mobile/default.aspx> (last visited April 8, 2020).

³ See, e.g., *Applications of Deutsche Telekom AG, T-Mobile USA, Inc., and MetroPCS Communications, Inc. for Consent to Transfer of Control of Licenses and Authorizations*, Memorandum Opinion and Order and Declaratory Ruling, 28 FCC Rcd 2322, 2330 ¶ 19 (WTB/IB 2013) (“*T-Mobile-MetroPCS Order*”); *Applications of T-Mobile USA, Inc. and SunCom Wireless Holdings, Inc.*, Memorandum Opinion and Order, 23 FCC Rcd 2515, 2519-20 ¶ 10 (2008).

⁴ See FCC File No. 0009223532. Based on prior guidance from the Wireless Telecommunications Bureau, the Form 602 filing for T-Mobile US satisfies the ownership reporting requirements of Sections 1.919 and 1.2112(a) of the Commission’s rules for its wholly-owned subsidiaries. See 47 C.F.R. §§ 1.919, 1.2112(a); see also *Wireless Telecommunications Bureau Answers Frequently Asked Questions Concerning Reporting of Ownership Information on FCC Form 602*, Public Notice, 14 FCC Rcd 8261, 8264-65 (WTB 1999) (“Form 602 FAQ’s”).

⁵ See ULS Lease Number L000042125.

⁶ See ULS Lease Number L000000281.

⁷ See FCC File No. 0008956276.

Transaction Description

Lessor and Lessee are parties to an EBS Long Term *De Facto* Transfer Lease Agreement (“Lease Agreement”), for the use of Lessor’s EBS Station WLX265, whereby Lessor will lease the excess capacity on channels B1-B4 to Lessee, subject to the Commission’s approval. The Lease Agreement involves EBS channels B1-B4 with a Geographic Service Area (“GSA”) covering portions of three Cellular Market Areas (“CMAs”): Panama City (CMA283), FL 9-Calhoun (CMA368) and FL 10-Walton (CMA369) encompassing portions of six counties in Florida. Consistent with the Lease Agreement and the requirements of the Commission’s Rules, Lessee will have *de facto* control of the leased spectrum capacity throughout the lease term, and Lessor will retain *de jure* control over the leased spectrum.

Public Interest Statement

This Lease Agreement does not raise any spectrum aggregation or competitive concerns that have not already been considered by the Commission. Approval of the long-term *de facto* transfer leasing arrangement provided for in the Lease Agreement is in the public interest because it will provide Lessee with continued access to the geographical coverage, a more contiguous footprint and enhanced data capacity using 2.5 GHz EBS spectrum in the Panama City, Florida area as T-Mobile US continues upgrading and enhancing its 4G and 5G broadband networks. As such, grant of this lease application will meet the Commission’s goal of more efficient use of the spectrum and serve the public interest.

Spectrum Aggregation/Competition Analysis

As indicated above, the lease covers portions of three local markets in portions of six counties in Alabama and there is no need for any additional competitive review. In all counties, the instant assignment adds no additional attributable spectrum to T-Mobile US, as T-Mobile is already leasing the B1-B4 channels (22.5 MHz) from the Lessor. T-Mobile’s total spectrum holdings in these counties pre- and post-transaction is between 325.2 MHz and 355.2 MHz. *See Exhibit A*. The Commission, however, has already thoroughly considered T-Mobile’s spectrum aggregation holdings⁸, even in those areas where New T-Mobile exceeds the Commission’s spectrum screen.⁹

⁸ Consummation of the Sprint Merger itself caused T-Mobile US to exceed the current attributable spectrum holding threshold for all spectrum suitable and available for mobile wireless service in various counties.

⁹ *See Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993; Annual Report and Analysis of Competitive Market Conditions With Respect to Mobile Wireless, Including Commercial Mobile Services*, Twentieth Report, FCC 17-126, ¶ 39 (rel.

Continued access to this 22.5 MHz of 2.5 GHz spectrum in these six counties will promote the important objective of T-Mobile US's expeditious deployment of its 5G network. As part of the Sprint Merger, T-Mobile US has committed to build out a nationwide 5G network serving 97 percent of the U.S. population in three years and 99 percent in six years.¹⁰ In rural areas, T-Mobile US must have 5G coverage for 85 percent of the population in three years and then 90 percent in six years.¹¹ The Commission stressed the general benefits of 5G deployment: "Building leading 5G networks is of critical importance for our nation. . . . [T]he deployment of 5G networks 'holds the potential to bring enormous benefits to American consumers by delivering faster speeds and lower latency and by supporting the development of advanced applications like the Internet of Things, smart cities, and telehealth.'"¹² The Commission also recognized that "'America's appetite for wireless broadband service is surging' and '[e]nabling next generation wireless networks and closing the digital divide will require efficient utilization of the low-, mid-, and high-bands.'"¹³

Sept. 27, 2017) ("*20th Wireless Competition Report*"); *Policies Regarding Mobile Spectrum Holdings*, Report & Order, 29 FCC Rcd 6133 ¶ 81 (2014) ("*Mobile Spectrum Holdings Order*"). Pursuant to the *20th Wireless Competition Report* and the *Mobile Spectrum Holdings Order*, prior to April 27, 2020, the initial spectrum screen was 240 MHz for all spectrum (*i.e.*, approximately one-third of 715.5 MHz total included spectrum) and 68 MHz for below-1-GHz spectrum (*i.e.*, one-third of 204 MHz total available and suitable spectrum below 1 GHz). Pursuant to the Commission's recent *2.5 GHz Transformation Order* at ¶ 98-100, the Commission eliminated the various EBS white space discounts and deemed all EBS spectrum "usable" for the provision of mobile broadband services, making all EBS spectrum subject to the spectrum screen. These new rules went into effect on April 27, 2020. Accordingly, T-Mobile US is including the full amounts of its EBS attributable spectrum holdings in Exhibit A. As a result of these changes, the applicable spectrum screen threshold is now 250 MHz.

¹⁰ See Merger Approval Order, ¶ 26.

¹¹ *Id.* ¶ 27.

¹² *Id.* ¶ 3, citing *Updating the Commission's Rule for Over-the-Air Reception Devices*, Notice of Proposed Rulemaking, 34 FCC Rcd 2695, ¶ 1 (2019).

¹³ *Id.* ¶ 97, citing *Expanding Flexible Use of the 3.7 to 4.2 GHz Band; Expanding Flexible Use in Mid-Band Spectrum Between 3.7 and 24 GHz; Petition for Rulemaking to Amend and Modernize Parts 25 and 101 of the Commission's Rules to Authorize and Facilitate the Deployment of Licensed Point-to-Multipoint Fixed Wireless Broadband Service in the 3.7-4.2 GHz Band; Fixed Wireless Communications Coalition, Inc., Request for Modified Coordination Procedures in Band Shared Between the Fixed Service and the Fixed Satellite Service*, GN Docket No. 18-122, GN Docket No. 17-183 (Terminated), RM 11791, RM-11778, Order and Notice of Proposed Rulemaking, 33 FCC Rcd 6915, 6917, ¶¶ 3-4 (2018) ("*3.7-4.2 Order and NPRM*").

In approving the Sprint Merger, the Commission specifically found that:

“[c]ompared to the capabilities of the standalone companies as reflected in their internal plans, the transaction will significantly increase the quality and geographic reach of their wireless networks for the foreseeable future. . . . In an economy increasingly dependent upon access to broadband services for innovation in a wide variety of sectors and services, these network deployment synergies will yield significant public interest benefits. . . . The network benefits of the transaction are particularly important for the nation’s underserved rural areas. . . . By bringing new connectivity and competition to underserved rural areas, the transaction will help to ensure that 5G will close the digital divide.”¹⁴

Although the Sprint Merger resulted in the New T-Mobile being attributed spectrum in excess of the screen in a number of CMAs, the Commission noted that “the combination of spectrum and other resources brought together as a result of the proposed transaction would give New T-Mobile the capability to deploy a highly robust nationwide 5G network” and added that “the benefits depend to a significant extent on the extensive deployment of 2.5 GHz spectrum” and that the “transaction will therefore significantly increase the overall utilization of the 2.5 GHz spectrum.”¹⁵ The Commission has stated that “[m]id-band spectrum [*i.e.*, 1 GHz to 6 GHz¹⁶] is well-suited for next generation wireless broadband services due to the combination of favorable propagation characteristics (compared to high bands) and the opportunity for additional channel re-use (as compared to low bands).”¹⁷ It has also recognized “the complementarity of low-band and mid-band spectrum particularly for data services. By adding 2.5 GHz mid-band spectrum to a cell site, that spectrum can be used to serve the demand close to the cell site, leaving more capacity on the low-band 600 MHz spectrum free for use by those further from the cell site.”¹⁸

All of the foregoing analysis is particularly relevant here, as T-Mobile US seeks continued use of the instant 22.5 MHz of 2.5 GHz spectrum to enhance its 2.5 GHz operations in

¹⁴ *Id.* ¶¶ 5-7.

¹⁵ *Id.* ¶¶ 97-98.

¹⁶ *Id.* ¶ 28.

¹⁷ *Id.* ¶ 237, citing 3.7-4.2 *Order and NPRM*, 33 FCC Rcd at 6917-18, ¶ 5.

¹⁸ *Id.* ¶ 238. The Commission also described the benefits of the combination of low-band and mid-band spectrum to deliver improved, broader services in rural areas, *Id.*, and recognized “that New T-Mobile’s network will have sufficient excess capacity to offer a new in-home broadband service to millions of homes, including underserved homes in rural areas” *Id.* ¶ 282.

the EBS portion of the 2.5 GHz band, including multiple counties that are defined as rural.¹⁹ These five counties will be part of the buildout that T-Mobile US has committed to. In each of the Lease Agreement counties, access to this additional 2.5 GHz spectrum will fill help fill in spectrum usability holes at 2.5 GHz, enable a more contiguous 2.5 GHz footprint, and provide additional data capacity for customers.

The only spectrum under this lease is above 1 GHz, so the screen for below-1-GHz spectrum is not implicated.²⁰ Given the small amount of 2.5 GHz EBS spectrum leased under the Lease Agreement—in portions of predominantly rural counties, T-Mobile US believes that the instant transaction does not trigger the need for additional competitive review.

This leasing arrangement does not raise any competitive or other public interest concerns. There are numerous other carriers serving the markets in which Lessee is leasing spectrum (*see Exhibit B* hereto), which will ensure that a high degree of competition continues to exist. Further, in none of the thirteen counties will any carrier be removed from the market.

Certifications²¹

Lessee certifies, pursuant to Section 27.1202 of the Commission's Rules, that in the event the spectrum were to be used to provide a multichannel video programming service, Lessee is not directly or indirectly affiliated with, nor does it have any leasing arrangements with a cable television company.

Lessee certifies that it will comply with the technical requirements and interference protection requirements contained in Sections 27.50, 27.55 and 27.1221 of the Commission's Rules.

¹⁹ Of the six counties in this transaction, three counties (Calhoun, Holmes and Washington) are defined as rural and two are defined as partially-rural (Gulf and Walton). *See* List of Rural Counties And Designated Eligible Census Tracts in Metropolitan Counties, Health Resources and Services Administration, at <https://www.hrsa.gov/sites/default/files/hrsa/ruralhealth/resources/forhpeligibleareas.pdf> (last visited on October 23, 2020).

²⁰ T-Mobile US's attributable holdings of below-1 GHz spectrum both pre- and post-transaction range is 65.2 MHz in the six counties affected.

²¹ Effective April 27, 2020, Section 27.1203 of the Rules and various associated requirements were removed. *See Transforming the 2.5 GHz Band*, Report and Order, 34 FCC Rcd 5446 ¶¶ 117, 124 and App. A (2019), which was published in the Fed. Reg. at 84 FR 57343 on Oct. 25, 2019.

Lessee Foreign Ownership Disclosure

As noted above, Lessee is a wholly-owned indirect subsidiary of T-Mobile USA. T-Mobile USA in turn is a wholly owned direct subsidiary of T-Mobile US, a U.S.-organized entity. DT, a publicly-traded German corporation, holds a 43.89 percent interest in T-Mobile US and, indirectly in T-Mobile USA through the intermediate companies described above. SoftBank, a publicly-traded Japanese corporation, holds an 8.58 percent interest in T-Mobile US and, indirectly in T-Mobile USA through the intermediate company described above.

By order released November 5, 2019, the Commission granted, subject to certain conditions, T-Mobile US's Petition for Declaratory Ruling under Section 310(b)(4) of the Communications Act on behalf of its current and future licensee and lessee subsidiaries that it would not serve the public interest to prohibit indirect foreign ownership by DT and its subsidiaries of T-Mobile US and its subsidiaries of up to 100 percent and authority for up to 49.99 percent ownership by certain other foreign minority interest holders.²² T-Mobile US's petition was filed in connection with the Sprint Merger. That ruling specifically permitted the direct and/or indirect foreign equity and voting interests which the Commission found would be held in T-Mobile US upon closing of the Sprint Merger and also specifically permitted: (i) the foreign entities with a controlling interest in T-Mobile US (*i.e.*, DT Holding B.V., T-Mobile Holding, T-Mobile Global and DT) to increase the aggregate level of their controlling ownership interests in the reorganized T-Mobile US, at some future time, up to any amount, including 100 percent of T-Mobile US's equity and voting interests; and (ii) the foreign entities with a non-controlling interest in T-Mobile US (*i.e.*, SoftBank Group, SoftBank and Mr. Masayoshi Son, a Japanese citizen and the founder and CEO of SoftBank who holds 21 percent of its equity and voting interests) to increase their aggregate interest in T-Mobile US, at some future time, up to and including a non-controlling indirect 49.99 percent equity and voting interest.²³ That declaratory ruling, in accordance with Section 1.5001(c)(1) of the rules, specifically listed as covered by such ruling Lessee (among other licensee subsidiaries of T-Mobile USA) and the type of wireless service license that is the subject of the instant transaction. The foreign ownership in the licensees as approved has not materially changed since November 5, 2019 and will not be affected by the instant transaction.

Conclusion

²² See IBFS File No. ISP-PDR-20180618-00002 (filed June 18, 2018); granted by Merger Approval Order, ¶¶ 361-63.

²³ *Id.*

T-Mobile US respectfully submits that the proposed transaction will advance the public interest by enhancing T-Mobile US's ability to continue and expand its array of commercial wireless mobile services in the Panama City, Florida area. Therefore, for the reasons set forth above, T-Mobile US respectfully submits that Commission approval of the requested spectrum lease will serve the public interest.